

**DEPARTMENT OF INFORMATION RESOURCES  
OPEN BOARD MEETING**

**Thursday, May 22, 2014, 9:30 a.m.**

300 West 15th Street, Clements Building, Room 103 Austin, Texas 78701

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**MINUTES**

**PRESENT** Charles Bacarisse (Chair)  
Cynthia Villa  
Keith Morrow  
Richard Moore  
Robert Pickering  
Wanda Rohm  
Arthur Troilo III  
Brad Livingston, Ex-officio  
George Rios, Ex-officio

**ACTION** *Mr. Bacarisse* called the meeting to order at 9:30 a.m. with a quorum present.

**TOPIC** **2. Approve Minutes from the February 20, 2014, Board meeting**

**MOTION** A motion was made to approve the previous meeting minutes by *Mr. Morrow* and seconded by *Ms. Rohm*.

**ACTION** The minutes were unanimously approved.

**TOPIC** **3. Executive Director's Report**

**DISCUSSION** Ms. Karen Robinson, Executive Director updated the board on highlights for the agency since the last meeting in February.

DIR is becoming one of the best places in state government to work. You can tell by the number and quality of applicants who respond to our postings. New hires are replenishing skill sets from retirements and other attrition and laying a strong foundation for our focus on customer service. Ms. Robinson introduced the new employees, including our new Chief Customer Officer, Priscilla Pipho. The CCO position is not only a first for DIR, it is the first-ever application of this key role in the public sector.

Mr. Nick Villalpando will provide an update on the second quarter Financial Statements and forecasts for the remainder of the year. During our next scheduled board meeting, Nick will have budget actions to address. Mr. Andy Dimas, Internal Audit, retired in May, and Ms. Sharon Blythe has stepped up to the plate in his absence. Following our last board meeting, we initiated monthly calls of the Audit and Finance Subcommittee to keep everyone up to date on Internal Audit activities. *Ms. Cindy Villa* will report today for the Audit and Finance Subcommittee.

Mr. Martin Zelinsky will present several actions for your consideration relating to Administrative Rules. He will also present an updated charter for the Customer Advisory Committee, which names our new Chief Customer Officer, Priscilla Pipho, as Chair.

Mr. Brian Engle will provide an update on the Statewide Information Security Program, including the very successful Information Security Forum held at the end of March.

Additionally, he will share details of the continuing increase of participation in the program. You will be asked to consider the approval of several statements of work related to projects critical to ongoing state agency cybersecurity initiatives. Brian can answer any questions you may have related to these requests during his presentation or later in the meeting.

The Data Center Services program continues to trend positive in terms of customer satisfaction and meeting the operational program service level agreements. Ms. Nancy Collins, the Group President State Enterprise Solutions for Xerox will address the State of Texas (Office of Attorney General) lawsuit against TMHP (Texas Medicaid and Healthcare Partnership). During Calendar Q1, the program achieved 134 servers consolidated. Consolidated compute in the two State Data Centers is now at 53%. Mr. Dale Richardson will provide an update you on the Data Center Services program.

Mr. Todd Kimbriel will invite his directors to join him in their presentations. Janet Gilmore will update you on Texas.Gov. Texas.Gov has won five awards in areas surrounding customer outreach. Janet will present their latest campaign during her update. Mary Cheryl Dorwart will update you on the Technology Sourcing Office. You will be pleased to know that Cooperative Contract purchases are up 17.6% from FY13-Q2. Mary Cheryl will also report on the first meeting of the Procurement Coordination Committee, which was held on May 14. This marks the continued implementation of Sunset recommendations. John Hoffman will bring you up-to-date on activities in the Communications Technology Services division. His update will include results from a recent survey of Capitol Complex Telephone System customers. Deborah Hujar will update you on agency-wide efforts to develop DIR's Agency Strategic Plan. The ASP supports DIR's Legislative Appropriations Request. Deborah is also working on DIR's response to the NASCIO Digital State Survey, which grades the states on their technology initiatives. Texas shows steady improvement on each survey. The PPMO works to further the strategic direction of DIR by managing project and program delivery. They have worked across the agency to complete some key projects in the second quarter. Leah Folgate will speak to these projects and how they provide cost and operational efficiencies and ensure the continuity of operations for DIR and our customers.

Mr. Kimbriel, Mr. Engle, and Ms. Robinson participated in the National Association of State Chief Information Officers' (NASCIO) mid-year conference in Baltimore last week where we shared challenges and opportunities facing IT leaders in state government. Todd was a panelist for a discussion focused on the challenges associated with cloud procurement. He showcased DIR cloud opportunities available through newly awarded cooperative contracts and our data center services program. Ms. Robinson led a roundtable discussion on the benefits of DIR's use of Software as a Service. Mr. Engle led a roundtable discussion on the Cyber Patriot program and its success to date. One of the major highlights of the conference was a visit to Washington, DC to receive a briefing from federal officials.

DIR staff is busy preparing for the May 29 DIR Connect Technology Expo. This event brings DIR contracted technology vendors together with IT and purchasing staff from state agencies, local and county government, K-12, and higher education to raise awareness about all of DIR's key programs.

On the same day, Todd, Nick, and Karen will be testifying before the House Committee on Appropriations regarding the status of the state's overall IT infrastructure, the data center services program, and the cooperative contracts program's delivery of best value.

John Hoffman and Dale Richardson completed the Executive Leadership for IT Excellence (ELITE). The LBJ School, UT Austin program consists of two intensive weeks of programs which develop executive competencies technology.

The next Board meeting is scheduled for August 21, 2014. However, we do anticipate one, possibly two, off-cycle board meetings to present major contracts for your consideration and approval. We will work with you to get those scheduled and ensure that a quorum is present. Video conferencing arrangements can be made, if necessary.

*Mr. Bacarisse* announced that Wednesday, May 21, marked Karen's fourth year with DIR. He said that the Board is very appreciative of her work with the agency and wished her a happy anniversary.

*Mr. Bacarisse* recessed the open part of the meeting so the board could meet in executive session according to the Texas Open Meeting Act, in order to consult with the DIR attorney pursuant to section 551.071 Government Code or to deliberate certain information technology security related matters under section 551.089 Government Code. No action will be taken. All members of the public and non-designated staff were requested to leave.

At the end of executive session *Mr. Bacarisse* will call the meeting back to order. The meeting was called into executive session at 9:42 am.

The meeting was called back to order at 10:15 am. No action was taken during the executive session.

#### TOPIC

#### 4. Finance

Ms. Cynthia Villa gave a briefing on the Finance and Audit subcommittee. She informed the board that Mr. Villalpando and Michael Sparks gave them an update on the second quarter financial results. They also engaged the subcommittee regarding possible changes to budget amendment policies for DIR that we will need to consider in an upcoming board meeting. These changes will better align the budget amendment process with DIR services and appropriations bill categories. The subcommittee will be working with them this summer and hope to have something to discuss in August. Mr. Sparks has prepared a statement on revenues and expenses on Texas.gov.

#### DISCUSSION

Mr. Nick Villalpando, Chief Financial Officer, walked through the high points of the financial results for the second quarter. Overall, with respect to our operating revenue, our margin is trending under budget at 5% (\$1.6m); technology sourcing revenue (cooperative contracts) is operating at a positive variance of 3%; communications technology services (TEX-AN/CCTS) is trending slightly under budget at a negative variance of 5%. Technology center services (data center) is operating at a 22 percent variance. Gross revenue is under budget; cost of services is impacting our margin. We made \$1.2m in some infrastructure-related items, which raised our costs. This was a significant investment. From a collective agency perspective, current operating expenditures are trending under budget at 4% (\$1.2m). Forecasting for the year, we are looking at \$670K net positive. We continue to monitor our forecasted ending fund balance (currently \$3.1m) in comparison to our maximum allowable fund balance (\$3.9m).

Mr. Villalpando discussed a budget amendment that was presented to the Board during the February board meeting. This amendment increases TEX-AN revenues and expenditures and the Board approved the amendment contingent upon approval by the Legislative

Budget Board. This amendment has not been approved by the LBB. We will continue to follow up with them. It impacts our ability to make payments to service providers.

Mr. Villalpando also notified the Board of a budget amendment that was a method of finance adjustment for cyber security. This amendment was a funding swap between cooperative contracts revenue and telecommunication revenue. This amendment was approved by the Executive Director pursuant to DIR Budget Amendment Policy.

*Mr. Moore asked why we would not look at this coming cycle of moving benefits into the budget as an operating expense instead of taking out a fund balance since they owe an operating expense.*

Mr. Villalpando explained that we have had discussions internally about adding that as a line item. We need to look at the total benefits for the agency. We run at approximately \$4m per year for benefits. DIR is not only appropriated funds for benefits. Rather, those amounts are paid from funds appropriated to the Employees Retirement System. We must, however, comply with benefits proportional funding rules which require that benefits be paid with non-general revenue sources to the extent that related salaries are paid with non-general revenue sources. We do anticipate moving that discussion up into the operating budget discussion next year. Some statements as to the total picture of agency benefits, how they are funded, and how the appropriations are drawn down, will be included in our fiscal year 2015 budget discussion with the Board.

*Mr. Morrow asked if max fund balance was a fixed sum or calculation.*

Nick explained that the maximum fund balance was a calculation. The clearing fund account is able to maintain 10 percent of prior year revenue for that particular fund. The other two funds are able to maintain two months of operating reserves, which are limited to direct and indirect administrative expenses.

#### TOPIC

### 5. Internal Audit Update

#### DISCUSSION

Ms. Villa gave an update on the subcommittee meeting. The subcommittee discussed the recent audits that have been completed. Key Performance Measures Audit: The audit findings determined that 10 key performance measures that have been put in ABEST (which is LBB's budget system) were properly calculated. One key performance measure, "Total Contract Savings and Cost Avoidance Provided Through DIR Contracts" was found to have a lack of supporting documentation. CISO/Network Security Operations Audit was delivered directly to Executive Management. Enterprise Contract Management Section Audit: DIR determined that the Enterprise contracts were being monitored appropriately and included language for measurable deliverables, performance, and the section is consistently processing and documenting contract amendments. The audit had no major findings. Workflow may call for the augmentation of staff. Management has been made aware of this.

Ms. Villa noted that there is also an amendment to the annual Internal Audit plan reducing the planned scope of audits due to decreased staff.

#### MOTION

A motion was made to approve the Internal Audit Reports by *Mr. Moore*. The motion was seconded by *Mr. Pickering*.

#### ACTION

The motion was unanimously approved.

MOTION	A motion was made to approve the amendment to the Annual Internal Audit Plan by <i>Mr. Morrow</i> . The motion was seconded by <i>Mr. Pickering</i> .
ACTION	The motion was unanimously approved.
TOPIC	<b>6. Rules and Advisory Committees</b>
DISCUSSION	<p>Mr. Martin Zelinsky, General Counsel, presented two rules for adoption and authorizing final publication.</p> <ol style="list-style-type: none"> <li>1) 1 Texas Administrative Code, Chapter 205, concerning Geographic Information Standards</li> <li>2) 1 Texas Administrative Code, Chapter 206, concerning State Websites</li> </ol>
MOTION	A motion was made to approve the rules for adoption and authorizing final publication and proposal and authorizing publication in Texas Register by <i>Ms. Villa</i> and seconded by <i>Mr. Pickering</i> .
ACTION	The motion was unanimously approved.
DISCUSSION	<p>Mr. Zelinsky presented two rules for proposal and authorizing publication for public comment.</p> <ol style="list-style-type: none"> <li>1) 1 Texas Administrative Code, Chapter 201, concerning General Administration</li> <li>2) 1 Texas Administrative Code, Chapter 213, concerning Electronic and Information Resources</li> </ol>
MOTION	A motion was made to approve the rules for adoption and authorizing final publication and proposal and authorizing publication in Texas Register by <i>Ms. Villa</i> and seconded by <i>Mr. Pickering</i> .
ACTION	The motion was unanimously approved.
DISCUSSION	<p>Mr. Zelinsky presented one rule for publishing notice in the <i>Texas Register</i> for rule review.</p> <ol style="list-style-type: none"> <li>1) 1 Texas Administrative Code, Chapter 203, concerning Management of Electronic Transactions and Signed Records</li> </ol>
MOTION	A motion was made to approve the rule for publishing and review by <i>Mr. Pickering</i> and seconded by <i>Ms. Villa</i> .
ACTION	The motion was unanimously approved.
DISCUSSION	<p><i>Mr. Moore asked if there were any comments from ITCHE?</i></p> <p>Mr. Zelinsky answered that there were no comments from ITCHE.</p>
DISCUSSION	<p>Mr. Zelinsky presented a revised Customer Advisory Committee Charter for approval.</p> <p>The substantive changes are from our Sunset Bill, granting the specific authority to have a Customer Advisory Committee, revising the membership structure to include a public representative, meeting schedule, and designates Priscilla Piphio, Chief Customer Officer, as the Chair.</p> <p><i>Mr. Bacarisse asked who the public representative was.</i></p>

Ms. Deborah Hujar, Director of Policy and Planning, answered that Tom Canby is the public representative. He is a retired State employee and currently the Director of Research and Technology, Texas Association of School Business Officials.

**MOTION** A motion was made to approve the revised Customer Advisory Committee Charter by *Mr. Morrow* and seconded by *Mr. Troilo*.

**ACTION** The motion was unanimously approved.

**TOPIC** **7. Information Security Update**

**DISCUSSION** Mr. Brian Engle, Chief Information Security Officer, gave an update on the Office of Chief Information Security Officer (OCISO). Three Texas teams participated in the Cyber Patriot National finals competition in Maryland. Mr. Engle had the opportunity to travel to the competition to support the teams, which concluded on March 29. Hopefully in the next Board meeting, we will have more information to report under the Cyber Texas umbrella, as well as more news on Cyber Patriot. He updated the Board on the recent Heart Bleed vulnerability. It received lots of national attention and media focus. The State took this matter very seriously. The Information Security Forum took place on March 26-27. We had 338 attendees on Day 1 and 258 attendees on Day 2. Over 84 unique agencies participated, representing 60% of total agencies. It was a highly successful event.

Brian highlighted the inventory of the Statewide Information Security Program. Two additions have been made to the participating statistics for the Program: Decision Support Services, which are research and access services through Gartner and Securing the Human – End-User Awareness Modules, a pilot offered this past year to be extended more broadly through Texas, consisting of short, detailed modules encouraging safer use of the internet.

Mr. Engle discussed program participation with a series of graphs. Agency collaboration (groups that engage with agencies in bi-directional communication) continues to improve steadily. Although it is difficult to achieve 100%, the OCISO is always looking for different ways to add opportunities for greater participation. Agency education participation (webinars, forums) shows marked improvement. We expect even greater improvement when statistics for Information Security Forum are included next quarter. OCISO Security Services include all services in the Statewide Information Security Program. There are caps on how many agencies can participate. We have improved steadily from 8% (FY13-Q2) to 13% (FY14-Q2). Combined unique participation has steady participation (at 69%) for FY-14Q2.

*Ms. Villa asked if agency education participation included higher education.*

Mr. Engle answered that higher education is included.

Brian said that all FY14 security assessments are on track. The 15 security assessments are ramped up completely or in progress. Out briefings to agency executive management are up for completion but can linger into the next year. Controlled penetration testing assessments are on track for completion. We may be able to do above 48. These testing include quarterly web app vulnerability scans and vulnerability network scans.

*Mr. Moore asked if Mr. Engle was confident that our outside contract vendor kept their tests current with the threat environment.*

Mr. Engle answered that we are continually changing and modifying that program to address new threats. The testing team utilizes scanning tools, but extends testing beyond

scanned materials to evaluate vulnerabilities using expertise that is similar to external attackers. We have a very capable team, trying to expose vulnerabilities as they evolve.

## TOPIC

### 8. Data Center Services Update

## DISCUSSION

Mr. Pickering thought that the subcommittee had a good overview and lengthy discussion with regard to our status on customer satisfaction and various initiatives. He thought that we might have some questions as Mr. Richardson proceeded with his report. Dale Richardson, Director, began an overview for Data Center Services (DCS). He introduced Nancy Collins, the Group President State Enterprise Solutions for Xerox. Ms. Collins thanked the Board Chair and members for the opportunity to address them. She extended her appreciation for the great partnership between DIR and Xerox. She is very proud of the program that Xerox has with DIR and she looks forward to much success in the group. She wanted to convey her commitment to the program and any issues related to the Texas Medicaid and Healthcare Partnership (TMHP) contract will have no effect whatsoever on the program or their relationship with DIR. This program is of the utmost importance to Xerox. Mr. Bacarisse thanked Ms. Collins for making time to do that and conveying his appreciation of her commitment to this project. He asked if other Board members had any questions. Mr. Moore said that the matter was discussed on a call. Mr. Pickering said that he felt confident that things will continue to run well.

Mr. Richardson reviewed the customer scorecard. We have not received any immediate corrective actions from our customers. Overall scores continue to hold steady: 74 to 87% of customers' rate acceptable or above. DIR has not had an agency rate a "1" (needs immediate corrective action) over the last seven months. We did overall have a lower satisfaction rating in March due primarily to a major outage. For the month of April we bounced back to a new high of 97%. Service level agreements remain consistently stable for the program. Multiple SLAs missed either the Minimum Service Level or the Expected Service Level due to the March 3 Storage Area Network (SAN) outage which affected multiple DCS customers. It was a long troubleshooting effort to identify the particular card, and it was an extended outage. The particular system is still supported, but is a legacy-type system. The root cause is attributed to hardware failure. For the last three months, DIR has achieved its target for back-ups.

*Mr. Bacarisse asked when the system would be migrated off of the legacy.*

Mr. Richardson explained that there are 600 servers, and requires agency involvement to schedule an outage and actually move. Dale does not have an end date at this time but can provide an end date in the future. It is one of the primary parts of our refresh program and has top priority. Xerox expects to have all remaining servers attached to this legacy SAN (Storage Area Network) migrated by end of calendar year 2014.

*Mr. Morrow asked if there are penalties associated with this outage.*

Mr. Richardson said that there are SLA penalties, big ones.

*Ms. Villa asked about the length of the outage.*

Mr. Richardson said that the actual outage lasted for 12 hours. It was hard to identify the right card. If we had pulled out random cards, other servers would have been affected. When the card was replaced and servers came back up, there were a few that did not, due to age and various reasons. We had to continue working with those agencies to remediate those.

For server consolidation in Q1, we are continuing to make progress in the right areas in terms of trying to get to 180 servers and a consistent level of compute into the CDCs. Our goal is to get to 75 percent (minimum) of the total compute that is outside of the consolidated data centers today into the consolidated data centers where agencies can get better costs for the servers and it is cheaper in the consolidated data centers with better SLAs and better support. We see that agencies are understanding that more and more lately, but getting servers moved into the CDCs is a challenge for agencies. We have the supply to perform 180 servers a quarter but demand from the agencies is lower. For the month of April, we are now at 53 percent of consolidated compute.

*Ms. Rohm* asked which agencies are consolidated.

Dale explained that it is the larger agencies: Health and Human Services (HHS), TxDOT, TCEQ, TEA. A couple of these agencies want to rationalize their applications prior to moving their computers into the data centers, rather than moving it as is and then remediating. The program construct is designed for server moves, but we are making detailed plans with these agencies to accommodate their application moves into the program.

*Mr. Moore* said that he thought that TxDOT was going with a different strategy than they had two years ago. He asked if this would affect our numbers.

Mr. Richardson answered that TxDOT is very motivated to consolidate. They have outsourced their applications to a third-party. Our partners are working with their partners to effect the transformation that they need. They are motivated to get out of Camp Hubbard and their Riverside locations. We have had several deep-dive meetings with the TxDOT and NTT staffs in strategizing how to accelerate this move.

Mr. Richardson presented a request for solution pipeline snapshot. Managing the demand can be challenging. New leadership has helped recently make improvements in both the PMO and Client-facing project teams. We continue to focus in this area quite a bit in meeting client expectations and implementation timeframes.

In conclusion, Mr. Richardson pointed out that operations are stable and we continue to hear that from our customers. Consolidation is picking up steam for the right reasons and we will continue to streamline our project implementations and continue listening to our customers. Our program continues to grow.

Based on findings from a recent annual third party customer satisfaction survey, one of the main themes is that DCS costs are too high. DIR has contracted with a third party research firm to perform a Market Price Assessment by looking at our pricing for server mainframe, storage, and service desk area to do an apples-to-apples comparison with public and private sector contracts. We expect that analysis to be completed in mid-June. This contract was signed in December 2011. The contract allows for DIR to engage a third party to conduct a Benchmarking Review, from which prices for those services benchmarked may be renegotiated in the event current pricing is out of line with the market for the same or comparable services.

*Mr. Pickering* commented that a number of things were discussed in the subcommittee meeting. The team is doing really well. Until we make more progress on server migration, customer satisfaction (and the ability to improve it) will be impacted. We need to make it priority, recognizing those smaller agencies having the least amount of requirements. We



all recognize that this is a priority. It will be interesting to see what comes from the Market Price Assessment and the impact it will have on our pricing.

**TOPIC 9. Chief Operations Office Update**

**DISCUSSION** Mr. Todd Kimbriel, Chief Operations Officer, explained that the Board will see the marketing portion of the program, the new and interesting things that Texas.gov is doing, as well as hear from the PPMO about the new DIR website coming this summer. DIR was invited to testify at four different committee hearings. Todd testified at the Election Committee hearing on online voter registration. Mary Cheryl Dorwart testified at the joint committee hearing of Government Efficiency and House Technology and discussed our cooperative contracts program. During Mary Cheryl's testimony, Representative Perry presented a document that referenced a PC price from Wyoming, from several years ago. We will research this and contact Representative Perry to make sure that he has a crisp view of that issue. Janet Gilmore testified at the joint committee hearing of Government Efficiency and House Technology and discussed online government services in Texas, and leveraging mobility solutions and services for citizens. Brian Engle testified at the house technology committee on identity access management.

**TOPIC 10. Texas.gov**

**DISCUSSION** Ms. Janet Gilmore, Director, gave an overview of Texas.Gov. She compared total transaction and state share trends for Q2 (FY11-FY14). There are roughly similar volumes in Q2 (for FY14) and the last year. In FY14, there were 6.7 million transactions generating \$24.6m in revenue. \$8.9m was contributed to general revenue.

At the end of April, Texas.gov launched a new version of its website using a mobile-first design. The mobile-first approach provides information and services to a rapidly growing community of mobile users, while continuing to support use from laptop and desktop computers. Approximately 25 percent of all users on Texas.gov are accessing Texas.gov using a mobile device. Features of the update include robust geo-location through "Info Near You" where users can find physical locations and information regarding state agencies, driver license officers, libraries, K-12 schools, and more. Additional updates include enhanced navigation and search features. We use analytics collected online to understand user behavior and determine what users would like to see on Texas.gov. We make modifications based on these analytics to ensure that we are giving them the most relevant content. The new design's theme is "forget the fold, embrace the scroll" and provides a continuous viewing experience with the use of the scroll. There is more navigation information on the front page.

*Mr. Bacarisse* asked what the number one search is on Texas.gov.

Ms. Gilmore answered that it was driver records, but concealed handgun (license) was close.

*Ms. Rohm* mentioned that she used Texas.gov for the first time recently and was very impressed.

*Mr. Pickering* asked with the analytics, if there has been benchmarking shared among states, comparing other states' websites. He said that he used the site all time and thought that the site was in the top 10% of state websites. He has also found that the interesting thing about analytics is that a lot of public sector, retail clients (in his business) can be

compared with other clients in determining where their investments should be. This could be constructive for any of the states and the vendor.

Janet answered that this was a great question and will look into this.

Ms. Gilmore reported that in the 2014 marketing campaign, Texas.gov is one of the few portals that has an annual campaign to promote its services. It is effective. The adoption for driver services has seen growth of 16% year after year, from 2012 to 2013. This increase can be attributed in great part to the marketing campaigns. This year's campaign includes banner ads and radio ads in the Austin market. Online and interactive TV will be run statewide from April to November. TV promotion is in Austin from April to November. The slogan for this year's campaign is "Texas.gov puts you first". The concept is that when users take care of their driver license and vehicle registration renewals online, they don't have to wait in line, so they feel like they are a VIP.

*Mr. Bacarisse* asked how the decision was settled upon to run the commercials in the Austin market instead of other places.

Ms. Gilmore answered that the cost of advertising is quite high, and the program budget doesn't serve a state this large. Austin is relatively inexpensive for a major market. We get government seeing the ads, many of our customers, and the agencies that we serve are here in Austin. So, more bang for the buck.

*Mr. Moore* commented that you would see increased penetration if advertised in other markets, like Dallas, Houston, or San Antonio.

*Mr. Pickering* asked if there was some outdoor advertising.

Janet said that we have had some limited billboard in the Houston area in strategic areas to augment the need from driving people away from very crowded DPS field offices. We provide signage for DPS field offices.

*Ms. Villa* suggested looking for target areas through analytics.

Ms. Gilmore said that they are looking at interactive TV and inexpensive media like Hulu.

*Ms. Rohm* asked about counties contributing to marketing.

Janet said that we have worked with customers on sharing marketing budgets in the past. Availability of any kind of budget is the challenge.

Janet displayed the commercial for the Board members.

## TOPIC

### 11. Technology Sourcing Office Update

## DISCUSSION

Ms. Mary Cheryl Dorwart, Director, updated the board on the Technology Sourcing Office (TSO). Ms. Dorwart reviewed the key performance indicators for FY14 (through Q2): state agency purchases increased 34.1% (\$271.9m); education decreased 6.8% but is the biggest customer at \$420.9m; local government purchases increased to 22.9% (\$216.7m), and other purchases decreased 8.4% (\$5.4m).

Ms. Dorwart reviewed the RFOs of interest, both in negotiation and evaluation. In negotiation are Mobile Digital Video, Cisco products/services, HP products/services, and Oracle hardware/software/services. In evaluation are enterprise resource planning products/services and audit services.

*Mr. Pickering* asked since Cisco was using their resellers, what was the advantage?

Ms. Dorwart explained that it is a different business model for them. The real benefit is that the model has service agreements in place and negotiated so that all of the resellers are using the service agreements instead of DIR going to each one and working on different agreements, pertaining to that particular vendor.

The Procurement Coordination Committee, a requirement of HB 2472, held its first meeting on May 14, 2014. They discussed several items of interest, including the definition of best value and working collaboratively to send the same message about best value. The committee is comprised of members from CPA and DIR.

*Mr. Moore* asked if she was optimistic that the group could come up with a definition for best value.

Ms. Dorwart answered that she was certain that they could, because the committee has a great working relationship.

Cost avoidance was the next topic of discussion. Director Ron Pigott works at the CPA and is responsible for the disparity study for the HUB program. We are going to work with him to determine the cost savings/avoidance our customers receive when using DIR contracts by not duplicating the competitive procurement process.

There were several legislative issues related to contracting last session. We continue to communicate with legislative staff and are committed to having a united front and offering good suggestions for improving state procurement as we prepare for the next session.

We have our second bulk purchase in progress. This was a requirement in the Appropriations Act. We held the first bulk buy in the fall. This effort resulted in approximately \$3.9m in savings. Currently, our computer manufacturers have submitted pricing for various configurations, and we will work with the agencies who are participating in that to come to agreement on configurations to combine and get a discounted bulk price.

Ms. Dorwart presented the four statements of work for Board approval. (1) AT&T Corp. (DIR-SDD-1860) will provide additional security support and monitoring for the SOC Program, which will enhance the SOC's security stack by adding an additional security appliance; cost is \$35K per month over the next three years. (2) Austin Ribbon and Computer Supplies (DIR-SDD-1883) will provide RSA security software to support the State of Texas Enterprise Security Program; cost is \$4.5m over FY14-FY17. (3) Microassist (DIR-SDD-1942) will provide support in the development of the State of Texas Security Education Program as well as providing State Agency Security training for Information Security Officers (ISOs or designees); cost is \$1.5m over FY14-FY15. (4) Sense Corp. (DIR-SDD-2081) will finish out the existing website re-design project which began in July 2013; total cost of the project is estimated to be \$924K to \$1.06m.

*Mr. Morrow* asked what locations will be covered by the the AT&T procurement.

Todd Kimbriel answered that appliances would be installed at our Network Operations Center, the NSOC, as well as the Sam Houston Building, the focal point for our statewide internet connections.

*Mr. Morrow* asked who is the intended audience to have access to both of these.

DIR would manage that platform and the gathering of that data. Currently, we use an application called SIRS. On a monthly basis, Brian Engle gathers that data and provides it to state leadership. The new platform will give broader capabilities and analytic capabilities to the agencies/institutions of higher education who will be leveraging the platform. They will be able to consume their own data and have more features than we have today. We will continue to aggregate that data.

*Mr. Moore* noted that these first three statements of work are our first significant investment in the security structure that we have had with DIR since we have had the authority and the funding. It is our first go at wrapping up our investment from a statewide enterprise.

Mr. Kimbriel agreed.

*Mr. Pickering* asked who would be re-designing the website.

Mr. Kimbriel explained that Sense Corp. is a DBITS vendor, available to everyone through our cooperative contracts program. They are headquartered in Kansas but have local, high quality staff, with a sub-contract to Hot in the Kitchen in this particular case. Our new website will be in SharePoint technology, but wanted to leverage a new feel with new color schemes.

**MOTION** A motion was made to approve the statements of work by Mr. Pickering and seconded by Mr. Moore.

**ACTION** The motion was unanimously approved.

Ms. Dorwart gave a brief update on HUB program/report and the good faith efforts. In the cooperative contracts area, HUB purchases have increased 43% (\$334.3m) for FY13-Q2. Kudos to our HUB coordinators for working diligently, particularly with AT&T. With regard to good faith efforts, we have done a lot of economic opportunity forums. We had an opportunity to speak with Senator West during one of the forums. He was very complimentary of what DIR is doing.

**TOPIC** **12. Communications Technology Services Update**

**DISCUSSION:** John Hoffman, Director, gave an overview of the Communications Technology Services (CTS). As you know, we have been working on the Capitol Complex Telephone System (CCTS) using VOIP technology. We have several early adapters who have participated with us, and we wanted to make sure that we were hitting the mark. The recent survey received a 98% satisfied to extremely satisfied rating. From those users, one comment for improvement included training on certain features or set-ups. We will follow up and provide more focus in that area. We have working to ensure we have a good lab environment for our security network and our core networks. At our NSOC facility, customers can work in an environment that prevents limited risk to their platforms. We are pursuing network capacity increases across the Austin Metropolitan Network to make sure that connections have enough capacity to meet their growing needs. We continue to make the transition from ATM/FR to the MPLS. The majority of the customers have

migrated over. We want to get the old technology out and while we have made progress, we want to ensure a smooth transition.

**TOPIC**

**13. Technology Planning, Policy and Governance Update**

**DISCUSSION**

Deborah Hujar, Director, gave an update on DIR's Agency Strategic Plan. This plan is an opportunity for our agency to assess its current state and set future goals. We have taken a collaborative approach this year, with representatives from all teams coming together and doing a facilitative brainstorming session to think about where we want to be in the next 3 to 5 years. Four areas of focus were identified: (1) innovative digital services; (2) enterprise collaboration; (3) technology leadership, and (4) access to information. We are in the drafting phase now and are looking for ways to create greater alignment between our budget, our resources which the legislature funds us to do, what our programs are, and where we want to go within the next 3 to 5 years. Ms. Hujar thanked an ad hoc Board subcommittee that we spoke with earlier this month to update them on our progress and where we were headed. We appreciated their feedback but wanted to hear from you all as well. This plan is due to the Legislative Budget Board on July 7, 2014, and will come to you in June for review and comment.

**TOPIC**

**14. Program and Portfolio Management Office Update**

**DISCUSSION**

Leah Folgate, Director, gave an update for the Program and Portfolio Management Office (PPMO). Ms. Folgate touched on some key achievements in her organization in Q2, some projects that were significant to moving the strategic direction forward for DIR and our customers. Her project managers were significant in achieving success in these projects, along with the stakeholders and our customers. The Enterprise Continuity of Operations (COOP/COG) plan was completed. This project was run by Wendy Mazzurana. The success of that program ensures DIR's position to recover and respond quickly in the event of a disruption of operations or disaster. We satisfied 1 TAC 202, Texas Government Code 616 and Texas Labor Code 412 requirements for having a COOP/COG plan in place. It helps to minimize the effects of a disaster. Kudos to Wendy and Ken Palmquist for their efforts. Kevin McCabe was instrumental in the oversight and completion of the Office 365 implementations. He was responsible for the migration of the Texas Juvenile Justice Department (3503 licenses from Exchange to O365 and set up server instances) and Texas Education Agency (960 licenses from Exchange O365 and set up server instances). Kudos to Kevin in working with Xerox to ensure that our customers were successful in moving from Exchange to O365. The DIR Web Rewrite is managed by Sue Atkinson and has been quite successful. This project has been ongoing for several months. In Q2, the design has been successful and we are moving into the design changes. The result of this redesign comes from soliciting feedback from our customers, engaging them, and understanding what inefficiencies and opportunities we have to redesign our website so that it provides an opportunity for them to engage with DIR more efficiently and provide them with more productive tools so that they can gather information necessary to meet their needs and satisfy the questions that they have. Ms. Folgate presented a mock-up of the web redesign. It is a redesign of the website top to bottom. It has significantly changed. This website will offer refreshed content (hot topics). We will leverage analytics behind the scenes to refresh that content. This will serve up content that is most frequently used or searched. Additionally, the site will be redesigned in such a way that our customers will not get lost in the content. It is set up so that it is simple and intuitive, and the customers do not need to understand our lines of business. Additionally, there is new and improved tools for productivity (such as search collaboration, click and chat, and news). We feel this will

position our customers for success, and allow us to fully engage with our customers in an efficient manner.

*Mr. Bacarisse* asked if there is a difference between a G-to-G or government site versus a public site.

Mr. Kimbriel said that there is a button allocated (My DIR), eventually, for any customers who use portals would be able to authenticate through our website and have access to those instead of having to go to disparate sites.

*Mr. Bacarisse* asked if the picture of downtown Austin was going to roll. He also suggested posting pictures of Austin history.

Mr. Kimbriel answered yes. There will be training available on how to navigate the new website, and provide fresh content.

**TOPIC**                    **Public Testimony – No Public testimony.**

**MOTION**             A motion was made to adjourn the meeting by *Ms. Villa* and *Mr. Pickering* seconded the motion.

**ACTION**                The meeting adjourned at 12:03 pm.

Approved by the Board Chair:

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Charles Bacarisse, Chairman

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Date